



Morning Alert - Friday, March 24, 2017

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HEADLINES

Morning news

All broadcasters and national dailies led with reports on the sworn statements made by Morimoto Gakuen President Kagoike at the Diet on Thursday, during which he repeated his allegation that Prime Minister Abe's wife Akie gave him a donation of 1 million yen in September 2015. However, Chief Cabinet Secretary Suga stated at a news conference that Mrs. Abe has denied the allegation.

POLITICS

Prime Minister Abe's wife looms large in Diet testimony by scandal-hit educator

All papers reported extensively on yesterday's sworn testimony at the parliament by Morimoto Gakuen President Kagoike regarding the substantial discount that the school operator received when purchasing state-owned land in June 2016 to open an elementary school. They highlighted Kagoike's assertion that Prime Minister Abe's wife Akie played a key role in his arrangements to rent the land in question in 2015, noting that her assistant from the Cabinet Office was apparently involved in communications between him and the Finance Ministry regarding the rent. Kagoike also made other "bombshell" statements about Mrs. Abe, including that she gave him a donation of 1 million yen in September 2015 on behalf of the premier and that she and his wife had been exchanging text messages with each other until recently.

The papers wrote that Abe administration officials reacted very strongly to what they called "erroneous testimony" by Kagoike, quoting Chief Cabinet Secretary Suga as telling the press on Thursday afternoon: "His Diet testimony is inconsistent with the truth." Mrs. Abe also posted a

message on her Facebook account on Thursday evening categorically dismissing the accounts by the school operator about her role in the land deal.

School scandal to undermine Abe's grip on power

The dailies said, however, that the opposition bloc has stepped up its demand that Mrs. Abe be summoned to the Diet as a sworn witness to provide her own account of her relationship with the Kagoikes to continue the probe into the scandal. Pointing out that the administration and the ruling coalition originally agreed to arrange Kagoike's Diet testimony with the goal of exposing his deceptive nature and putting the scandal to rest once and for all, the papers emphasized that this tactic has apparently backfired because the educator made one controversial remark after another and hence emboldened the opposition to increase its pressure on the Abe administration. Many Kantei officials are now worried that the prolonged scandal could put a major dent in what appeared to be a "Teflon" premiership.

ECONOMY

U.S.-Japan "economic dialogue" to be held on April 18

Tokyo Shimbun claimed that the USG and the GOJ have agreed to convene a "high-level economic dialogue" co-chaired by Vice President Pence and Deputy Prime Minister Aso in Tokyo on April 18 with the goal of highlighting the two nations' policy of further deepening economic coordination. According to the article, Prime Minister Abe plans to host a luncheon for the U.S. official on the same day. The Vice President is expected to attend a Tokyo meeting sponsored by U.S. and Japanese business leaders on April 19 and then travel to Kyoto for a reception held at the Kyoto State Guest House.

GOJ may invoke statutory provision to thwart Toshiba's sale of semiconductor business

Yomiuri, Nikkei, and Mainichi wrote that the GOJ may choose to apply the Foreign Exchange and Foreign Trade Law to prevent cash-strapped Toshiba from selling its flash memory division in the event that the electronics giant selects a Chinese or Taiwanese enterprise as the buyer. For national security reasons, the Abe administration is concerned about the possibility of Japan's state-of-the-art semiconductor technology being transferred out of the country. Some 10 firms, including a major Taiwanese corporation, have expressed interest in purchasing the unit.

In a related story, Nikkei said Toshiba's major lenders led by Sumitomo Mitsui Banking Corporation and Mizuho Bank have pressed the firm to go ahead with a plan to file for Chapter 11 bankruptcy for its U.S. subsidiary Westinghouse by the end of this month so the conglomerate can determine the exact amount of its business losses at an early date. Concerns are mounting among lenders that

Toshiba may be forced to incur additional losses due to the delayed construction of nuclear power plants in the U.S. by Westinghouse's subsidiaries.

Canada, Hong Kong, other nations join AIIB

Most papers reported on an announcement made on Thursday by the Chinese-orchestrated Asian Infrastructure Investment Bank (AIIB) that a total of 13 nations and one region, including Canada, Hong Kong, and Belgium, have been admitted to it, noting the latest addition has brought the total membership to 70, three more than the Asian Development Bank, which is co-led by the U.S. and Japan. These two nations are the only G7 members that have not joined the AIIB.

SECURITY

Diet approval for updating ACSAs highly likely

Nikkei reported that the House of Representatives on Thursday cleared legislation on renewing the existing acquisition and cross-servicing agreements (ACSAs) with the U.S. and Australia and concluding one with the U.K. for further deliberations by the Upper House, which will probably enact them within the ongoing Diet session. With these agreements that allow mutual provision of ammunition, fuel, water, and food under various contingency scenarios, Japan is hoping to promote defense cooperation such as joint training and disaster relief operations with key security partners. The daily said the GOJ is looking to seal similar agreements with France, Canada, and New Zealand.

INTERNATIONAL

DPRK preparing to conduct nuclear test soon

Yomiuri reported on a Fox News story quoting several USG sources as saying that the DPRK may carry out a nuclear test in a few days. According to the daily, the U.S. military has already deployed an observation plane to collect radioactive material in preparation for a nuclear test.

In a related development, Nikkei wrote that MOFA Asian and Oceanian Affairs Bureau Director General Kanasugi and Special Representative for North Korea Policy Yun spoke by phone on Thursday and agreed to press North Korea to halt its provocations and comply with relevant UN Security Council resolutions.

